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C O N F I D E N T I A L SECTION 01 OF 03 BANGKOK 000964

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [KDEM](#) [TH](#)
SUBJECT: SURAYUD APPOINTS A FORMER THAI RAK THAI DEPUTY
LEADER; FINANCE MINISTER LOSES FACE

REF: A. 06 BANGKOK 6855 (SOMKID CONSIDERS OPTIONS)

- [1](#)B. 06 BANGKOK 6474 (TRT REPOSITIONING)
- [1](#)C. 06 BANGKOK 5706 (SUFFICIENCY ECONOMY)

Classified By: Ambassador Ralph L. Boyce, reason: 1.4 (b) and (d).

SUMMARY

[1](#)1. (C) Prime Minister Surayud on February 16 appointed Thaksin-era Deputy Prime Minister Somkid Jatusripitak to head an economic commission. This dramatic and unexpected move appears to put Somkid -- who also was a Deputy Leader of Thaksin's Thai Rak Thai (TRT) party -- solidly in the government camp. The appointment justifies speculation that Somkid, who has the support of many former TRT legislators, will be a top-tier contender to become Thailand's next elected Prime Minister. Despite personal animosity between Thaksin and Somkid, Thaksin may see ways in which he can benefit from this development. Double-hatted Deputy Prime Minister and Finance Minister Pridiyathorn Devakula was not consulted prior to this appointment and has lost face. Somkid's appointment follows recent speculation that Suwat Liptapanlop, another top TRT official, quit TRT to form a new party sympathetic to the coup leaders. This development likely indicates the Generals currently running Thailand have an exit strategy which involves cultivating TRT politicians. Somkid appears to benefit the most from his appointment. End Summary.

SURPRISE APPOINTMENT

[1](#)2. (U) On February 15, Prime Minister Surayud discussed with the press his order appointing former Deputy Prime Minister Somkid Jatusripitak to chair a government commission to explain the administration's economic policies -- based on the King's "sufficiency economy" principles (ref C) -- to the international community. In his new role, Somkid will report directly to Surayud. Eight high-ranking government officials, including three from the Prime Minister's office, serve on the commission.

[1](#)3. (SBU) (Background note: In the final months of the Thaksin administration, TRT officials saw Somkid as the figure most capable of holding TRT together in the event of Thaksin's departure from politics. Many considered him best able to replace Thaksin as Prime Minister. Thaksin appeared concerned by Somkid's popularity and ambition, and publicly adopted an increasingly hostile tone toward Somkid prior to

the coup. In turn, Somkid distanced himself from Thaksin, not defending the former PM's sale of Shin Corp and keeping well behind the firing lines in the debate about the wisdom of negotiating a Free Trade Agreement with the United States.)

14. (C) The precise nature of Somkid's duties remain unclear, but his job description is less significant than the symbolism of his appointment. Somkid is the first civilian politician with "star power" to align himself with the current government. Somkid also brings a meaningful political network; in January, Somsak Thepsuthin -- a former leader of what had been TRT's largest faction of Northeastern legislators -- announced the formation of a new political grouping called "Matchima," which appeared destined to become a political party. Somsak publicly stated he wanted Somkid to become Matchima's leader, and politicians assure us privately that Somkid is on board but will wait for the right time to publicly show his cards.

15. (C) We understand that Somkid's former aide at the Commerce Ministry, Dr. Virachai Viramethikun (now Deputy Secretary General for Political Affairs in the PM's office),

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conveyed to Surayud Somkid's offer to use his "special contacts, especially with leaders in China and Japan" to counteract Thaksin's recent public campaign against the current regime and its economic policies. The seeming inconsistency of one of the architects of the previous economic policy, which the new regime has derided as a source of "populism" and immoderacy, now defending the new policies is expected to be resolved by Somkid speaking about the philosophy of the King's "sufficiency economics" without actually defending recent policies this government has implemented.

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"WHICH SOMKID?" -- PRIDIYATHORN LOSES FACE

16. (C) Somkid's appointment entailed a significant loss of face for Deputy Prime Minister/Finance Minister Pridiyathorn Devakula, who has been closely associated with some of the interim government's major economic blunders. Not only may Somkid -- for years, a rival of Pridiyathorn -- outshine Pridiyathorn as a spokesman on economic policy, but it became evident that Pridiyathorn had no foreknowledge of Surayud's decision to bring Somkid on board. On the day of his appointment, a local press report noted that, when journalists asked for his reaction, Pridiyathorn asked the reporters, "Which Somkid? Who appointed him?" On his back foot, Pridiyathorn defensively pointed out to the press that he remains responsible for economic policy in this government.

THAKSIN'S INTERESTS

17. (C) Thaksin's relationship with Somkid deteriorated significantly in 2006, when Somkid appeared overly eager to supplant Thaksin as Thai Rak Thai party leader (and potentially as Prime Minister). Somkid and Thaksin may hold each other in contempt, but there nevertheless are good reasons why Thaksin may welcome Somkid's appointment:

- The appointment of a former top TRT official seems to undercut some of the claims that Thaksin's regime was so corrupt as to warrant a coup d'etat. The government will appear inconsistent and likely be criticized for this step.

- In signaling publicly that former TRT officials may be welcome in the government, this appointment may dampen whatever enthusiasm investigators had to pursue corruption cases against former TRT politicians. Somkid himself is reportedly tied to at least one of many cases under review by the Asset Examination Committee, the body that has most

aggressively pushed for action against Thaksin's family.

- Somkid may help the Generals to feel confident that they have a meaningful ally in political circles, someone who can look after their interests once they leave power. This may make it more likely that elections will be held in a timely manner. A return to normalcy in Thai politics will benefit Thaksin, who retains sufficient wealth and (in many areas) popularity that he may hope to return to Thailand and stage a comeback.

- If Somkid, now seemingly rehabilitated by the interim government, takes a leading role in party politics, he would rely on a network of politicians who are known to Thaksin and desire his money; Thaksin would have a reasonable hope of being able to engage in constructive negotiations with an elected government in which Somkid and his associates play a major role. Even if Somkid proves hostile, Thaksin would still find Somkid easier to fight against in the future than the Generals currently in charge.

OVERSHADOWING SUWAT

18. (C) Somkid's maneuvering follows and has now overshadowed the February 9 resignation from Thai Rak Thai of party Deputy Leader Suwat Liptapanlop and more than two dozen of Suwat's allies. Suwat announced that he and former Thai Rak Thai faction leader Phinij Jarusombat had formed a "reconciliation alliance" -- another political grouping, like Somsak's, which looks like the basis for a party but cannot yet register as one because of restrictions imposed by the coup leaders. Suwat's move represents the latest step in TRT's continuing disintegration (ref B).

19. (SBU) When Suwat announced his resignation from TRT, there was widespread speculation that he was collaborating with the Council for National Security (CNS) and intended to represent the Generals' interests in the next election. Journalists highlighted that CNS Chairman General Sonthi admitted he had met with Suwat and Phinij to discuss political dynamics -- "Meeting anyone, even politicians, is what we must do to create understanding and national security," Sonthi said.

COMMENT

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110. (C) We have long wondered how eager the Generals will be to allow free elections while many in the countryside continue to support TRT politicians. Somkid's appointment is the clearest signal yet that the Generals hope to co-opt significant portions of TRT, rather than relying on "deprogramming" millions of peasants who, not without justification, saw Thaksin and his party as having served their interests. This strikes us as a reasonable if not necessary approach, a credible exit strategy for Generals proving less than fully adept at politics.

111. (C) Surayud may feel that he gains an articulate and credible spokesman who can help to counter Thaksin's public relations efforts. But Somkid gains the most. After being out of the public eye since the coup, he can resurrect his political career, at a time when the economy is slowing and management of the economy is widely perceived as less sound than when he was the economic czar. His new position helps to insulate him from corruption charges. Meeting high ranking foreign officials -- seemingly a major part of his new duties -- will give him an aura of statesmanship. And he can appear as a unifying figure for the nation, someone who successfully transitioned from Thaksin's regime to the Surayud era and, therefore, well qualified to lead the country into the next period.

BOYCE